

Art Moore, Inc.

BROADCAST REPRESENTATIVES
A DIVISION OF REGIONAL REP SERVICES

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Office of the Secretary
Federal Communications Commission
Washington DC 20554

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RE: GC Docket No 92-52

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Commissioners,

As a licensee for ten years and a broadcaster for over thirty years, I have seen dozens of inexperienced people purchase or construct a broadcast facility, only to fail financially a few years later.

It was a different broadcasting world when the commission's comparative rules were established. There were fewer stations and a greater demand for advertising time than there were stations to meet that demand. It was rare for a radio or television station to operate in the red.

Today, as the commission's multiple ownership rules address, a very large number of radio stations today lose money. Into this world, an inexperienced and often under funded licensee has all the cards stacked against them. They may start out with some excellent ideas, but the harsh realities of selling enough advertising time to support their station often will strap their financial resources thereby preventing them from succeeding. A bankrupt licensee usually has a very difficult time serving the public interest.

Today, a broadcaster needs experience and deep financial sources to operate a successful radio station. I agree with the commission's desire to get new people into radio. The industry needs new people and new ideas. However, giving someone with no experience and limited funding a license, may not be helping diversity in the long run as many of these grants end up selling their stations within a very short time to more experienced broadcasters. When the Commission makes a selection based on its criteria, and that licensee sells the station a short time after construction, all considerations of local ownership, civic involvement, etc. are negated.

In my experience, it takes more financial resources to construct and operate a brand new station, than it does to purchase an existing cash flowing radio or television station. Equity partners, senior debt and other funding sources are more

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readily available for existing successful stations than for "start-ups". If the commission's policies are to get new people into broadcast ownership, the commission should work with Congress to establish some sort of tax credits or other incentives and guarantees to lenders of first time people buying an existing broadcast facility. Special incentives could be set up to favor minority and female buyers.

As far as new licenses go, I think the commission should, whenever possible, grant them to existing broadcasters who have demonstrated an ability to successfully operate a station. The fact that an applicant resides in the local community or participates in local civic duties does not have any bearing upon their ability to successfully operate a broadcasting station. Most successful broadcasters do not allow personal biases dictate their programming, relying instead on market research. One does not need to be a local resident to conduct and analyze this research. The commission must ask itself: "Why does local ownership and civic involvement make someone better able to perceive local issues?" Does every resident of Baltimore, Maryland automatically understand the issues that confront Baltimore? Does every Rotarian understand the needs of the entire community? Or, can an outside resident gather data that will give them the knowledge to understand and respond to special local needs?

To me, the public is better served by well funded, stable ownership of broadcasts facilities. To this end, I would like to see the commission require all new grants to hold their licenses for a minimum of three years. The commission should require an extensive financial profile and an independent financial analysis of each applicant to insure that the applicant can operate the facility for the three years with a minimum of advertising revenue for the first year. The commission should not penalize an applicant for proposing an LMA or Joint Sales Agreement in their application, as this will financially assist the applicant and improve their chances for success.

Best regards,

Greg Smith

Art Moore, Inc.

